



## **BUILDING BETTER TRANSPORTATION COMMITTEE**

### **Meeting Report February 2, 2004**

**PRESENT:** Chair David Cortese, Vice Chair Linda LeZotte, Vice Mayor Pat Dando, Councilmember Forrest Williams, Councilmember Cindy Chavez

**STAFF:** Ed Shikada, Bill Hughes, Jim Helmer, Hans Larsen, Betsy Shotwell, Jim Ortbal, Dan Fenton, Bruce Schaller, Schaller Consulting

The meeting was convened at 1:35 PM

Chair Cortese began the meeting by stating to let the record show that all members are present except Member Chavez and she sent a memo indicating she would arrive around 2:00 PM.

Deputy City Manager, Ed Shikada, asked on behalf of Dan Fenton, Convention and Visitors Bureau, to hear Item B1 last on the agenda. So moved Vice Mayor Dando, seconded by Councilmember Williams.

#### **a) Approval of Committee Workplan**

Chair Cortese stated that Item A on the agenda, approval of the Committee Workplan, approved at Rules Committee on December 17, 2003 is before the Committee. There has been discussion of moving the BART item scheduled to be heard May 3, 2004 to April 5, 2004, to synchronize better with the environmental review process.

Jim Helmer, Director, Department of Transportation, stated that the move of that item would be more advantageous to the Committee to be heard in April 2004 to coincide with the schedule for VTA Board review. This would give the Committee an opportunity to make comments before the VTA Board takes action.

Hans Larsen, Deputy Director, Department of Transportation, stated that it coincides with the schedule of the environmental impact report for the BART project, related to various station designs.

Vice Chair LeZotte asked if, in regards to the titles in the workplan, items were going to be placed under those titles.

Chair Cortese stated that he anticipated at least one amendment to the workplan between now and June 2004. It is very difficult to anticipate the June items. The plan allows room for items to be carried forward throughout the workplan timeline when necessary; the workplan provides a Brown Act template. He believes the monthly workplans could fill up during the course of the next six months.

Vice Chair LeZotte noted that there were no items under the title “Supporting Smart Growth” and asked if there was any anticipation of any items to be placed under there. She asked if she could request items for that category today.

Chair Cortese stated that under “Supporting Smart Growth” there is a little overlap between regional categories. For example, item E2 on the agenda today could be called out under item D - “Supporting Smart Growth”. He asked if there was something specific that Vice Chair LeZotte was thinking of, because today would be a great time to bring it up and place on the workplan.

Vice Chair LeZotte commented that she would like to see under “Supporting Smart Growth” a discussion, either locally or regionally, of studies or statistics on whether transit oriented development (TOD) is actually reducing traffic and parking reductions on projects that are either on light rail or bus lines.

Chair Cortese stated that he would like to meet with staff to discuss the logistics of Vice Chair LeZotte’s request as to when to put on the workplan. Some of her concerns should be covered on the Citywide LOS policy that was brought before the Committee last year and to be brought before Council this year, at least the TOD component. Jim Helmer stated that he would work with Chair Cortese, Vice Chair LeZotte’s office, and coordinate with the attorney’s office.

**Upon an approval by Vice Chair LeZotte, seconded by Councilmember Williams the Committee accepted the report with direction to move the BART item from May 3, 2004 agenda to April 5, 2004, and for staff to coordinate bringing Vice Chair LeZotte’s concerns to the workplan at a future date.**

## **b) Expansion and Improvement of Transit and Transportation Systems**

### **1. Taxicab Service Model Report – heard last on the agenda**

Chair Cortese stated that the Committee will not be taking any final action on this item today. Any action will be to bring this item back to this Committee at a subsequent date. There will be at least one more opportunity at the Committee level to be heard and make your comments.

Jim Helmer reported that the reason why we are performing this study is to determine the right service model for taxicab drivers. We have used the consulting services of Schaller Consulting. Jim then introduced Jim Ortbal, Deputy Director, Department of Transportation, Bruce Schaller, President, and Dan Fenton, CEO, Convention and Visitors Bureau to give a presentation on the draft findings from the Taxicab Regulatory and Service Model Study, dated January 23, 2004.

Jim Ortbal, Assistant Director, Department of Transportation, explained the background on the Study – which has included review by the Taxicab Advisory Team (TAT) – but not to a level that a consensus has been reached. In his estimation, it will take until the end of April to possibly iron out the differences between the stakeholders. Staff will bring a status report back to BBT in March, and report on the staff's recommendations with any progress on the consensus at that time. The consultant, Bruce Schaller of Schaller Consulting, was here to present the item. Joe Gagliano, a local consultant who was part of the consulting team, was also present. The consulting team included leaders in Airport Ground Transportation and Insurance Industry experts.

Jim Ortbal also reported that the current report was released to the TAT on January 14 – TAT has already met twice on the study to better understand the report and its recommendations, and begin formulating a consensus around the framework of the Taxi Study. The TAT is meeting again today after the BBT meeting at 4:00 at the Convention and Visitors Bureau to work out a schedule of meetings for further consensus.

The consultant, Bruce Schaller, talked about how the consultant team sees the City and presented the results of the study. There are 5 issues that are to be worked on as part of the scope of work:

- What is the best service model?
- Should there be a moratorium?
- How should the rate of fare be determined?
- Insurance provisions.
- Roles and Responsibilities of the City Departments.

Key Aspects in formulating the recommendations include:

- Identifying the needs of each stakeholder group (Drivers, Companies, City, Customers).
- Collect factual information on the market for taxicab service in San José.
- The consultant team developed regulatory options – the consultant team put together 3 example models for review at the December 9<sup>th</sup> workshop – current system with more regulation, a medallion system, and an Airport Rotation system.
- The recommendations were formulated to match the needs of the industry and stakeholders.

Methodology for developing the recommendations:

- A review of the City responsibilities.
- Extensive Interview stakeholders (drivers, hotels, customers, all companies)
- Customer Satisfaction surveys (In-cab and Downtown Business Surveys)
- Review regulatory elements of other Cities and how they relate to San José.

The Workshop on December 9 clarified several Stakeholder interests:

- Convention and Visitor's Bureau – Taxicab presence needed for selling San José, including customer service skills by the Drivers.
- Drivers and Cab companies need to improve their relationship.
- Drivers have requested more independence in a more competitive environment.
- Cab companies need to effectively serve pre-arranged business.
- Minimize the cost of regulation for the City.

There are three approaches to regulation, each of which must consider needs of the market, stakeholder interests and method of regulations:

- Requirements: These include regulatory mandates, such as a minimum amount of cabs, driver training.
- Service model and regulatory structure:
  - Closed entry – limiting the amount of cabs through a medallions.
  - Airport regulation – rotation systems
  - Open entry – unlimited cabs with minimum requirements.
- Market Mechanism – setting up market mechanism to self-regulate the industry:
  - Competition and Pricing
  - Customer Choices

Each of the above would need to work in concert to allow a good system of regulation, customized for the City of San José.

There are two types of markets:

On-demand market. Such as an Airport or hail market in New York - there is a ready flow of customers, you get in line and wait for the next customer – doesn't require a large investment to serve. Without a control on the supply, you end up with too many cabs chasing too few customers. Every airport ends up with a control of supply. Indirectly, some cities may regulate the supply by closing or limiting the amount of cabs for the entire City, such as in San Francisco.

Pre-arranged market – Customers call on the phone and a cab company services you. There are several properly working markets around the country where the pre-arranged market exists. In San José, there are only two companies that serve a substantial range of pre-arranged business (Yellow and Rainbow

Cab). There are relatively low numbers of taxicab trips in San José when compared to similar cities. To date, the San José market could best be described as stagnant.

There is a significant amount of skepticism to improve driver incomes through the recommendations, due to the perceived stagnation of the market. However, there are indicators that there is a larger market that is not currently being served:

1. San José has a third as many trips as San Diego and other suburban locales.
2. The rate of fare is high and is preventing people from utilizing cabs
3. If Customer Service improves, there is potential for the market to grow according to the Downtown business survey that was conducted as part of the study.
4. San José is urbanizing, and poses a greater potential for increased new taxicab trips.

Despite concessions at the Airport and a relative stagnant market, new companies still have the opportunity to break into a market that has never been served before. For example, 25% of the pre-arranged trips are served by Rainbow cab, a relative new-comer to the San José taxicab industry. In order to develop their market, these companies concentrate on a certain niche of business that was underserved.

Goals of recommendations include several key points:

- Maintain service at the Airport
- Create incentives to serve the City market (neighborhoods, downtown).
- Careful transition to the new regulatory structure to ensure fairness.

#### Airport Permits:

The recommendation is to replace the Airport concession and with an Airport Permit system of finite permits, which is open to all San José companies. An allocation of Airport Permits to cab companies will be based according to the amount of non-airport pre-arranged trips in San José. Airport Permits will alternate the days that a single permit may serve the airport. A re-allocation of the permits will take place each year based on pre-arranged and non-airport service. Additional rules that do not allow any one company to dominate may be adopted, as well as rules that require a minimum amount of permits/drivers maintained by smaller companies.

#### Adjusting the Amount of Airport Permits and Management Company:

Adjust the number of airport permits as demand changes. Management of the taxi operation at the Airport would be contracted out with an independent starter system (such as in Oakland or LAX). Vehicle permits may be issued to both drivers and companies. Insurance would be able to be bought by the individual owner-operators when they register their vehicles to themselves, rather than to the company they work with. A Risk Purchasing Group would handle the process for insuring taxicab operators that own their own vehicle.

Rate of Fare:

Have a maximum rate for the entire City, but individual companies will be able to set their own rates that will be standardized throughout the company. On-demand trips would remain at the maximum rate of fare.

Roles and Responsibilities of City Departments:

DOT and PD will continue in their respected roles, and the Transportation CSA would budget the staffing requirements under their normal budgeting process.

Dan Fenton described where the Taxi Advisory Team is in the consensus process. We are still taking input from the TAT to see what may be modified and refining these recommendations. Other issues, like driver training, will also be brought forward to the BBT committee with our final recommendations after the consensus building process.

Chair Cortese asked about the process for achieving consensus. Jim Ortbal responded that the TAT has met twice, and we have received written feedback from stakeholders. We will try to reach some consensus and come back to the Council for consideration in March, possibly April.

Chair Cortese commented that looking ahead, the council has extended the concession agreements, but we are going to be constrained with the budget hearings from May until summer. If the group cannot reach consensus by April, we won't be able to take action until after the summer. Cortese would like staff to create a recommendation by April— either a staff report on the consensus, but at least the BBT needs to know what direction the TAT is going by March.

Councilmember Williams asked in staff's view, what are the primary sticking points as it relates to building consensus? Dan Fenton responded that on the issues of driver independence and parity – there is still work to be done how the Airport rotation system actually works, and how some of Bruce's recommendations work in practicality. We may have a way to go to get the details worked out. Ultimately, the TAT will meet on weekly basis to work through the sticking points.

Councilmember Williams expressed his interest in having these points identified, so that the Council may be able to make decisions based on facts and the various controlled opinions of stakeholders.

Vice Chair LeZotte asked how the minimum fleet size of 15 cabs works. Bruce Schaller responded that such a requirement would be phased in over time and only apply to cab companies that wished to serve the Airport.

Vice Chair LeZotte envisioned a system that a driver would pick-up at the Airport only after having picked up a passenger out in the City.

Vice Chair LeZotte also asked if a driver would have to affiliate with a cab company in order to receive calls? Bruce Schaller responded that if there is not a requirement for affiliation, then the City would need to manage each driver individually. Vice Chair LeZotte asked if a driver could affiliate with multiple companies. Jim Ortbal responded that the affiliation with multiple companies could be detrimental to the unique color scheme for each company.

Dan Fenton interjected that the intension of the recommendation is to allow flexibility for the driver to choose between companies.

Vice Mayor Dando asked how do the companies turn in their figures for pre-arranged trips? Bruce Schaller commented that a prime consideration of the City would be a concern about the reporting system to ensure fairness and equity.

Vice Mayor Dando also asked who would manage the Airport under contract, and who pays for that? Bruce Schaller responded that the current system is paid by drivers by the per-trip fee that is collected by the companies. The management system would be paid for by similar per-trip fees, approximately \$2.00 per trip, in addition to the \$1.50 fee that goes to the Airport.

Vice Mayor Dando expressed a desire to know what the existing trip fees are and what are new trip fees will be. Please bring back the costs for our consideration in the future.

Chair Cortese mentioned that it is important for the group to know if there is consensus on any item, as they are brought forward.

Vice Mayor Dando asked if the recommendations carried over from other cities? Could you include a matrix that shows how the recommendations improve the relationship between the driver and taxi companies, what is improved in customer service, and what is improves driver income? Bruce Schaller responded that the recommendations are borrowed from elements in a number of cities, but this system recommended is customized for the needs of the City of San José.

**Chair Cortese opened the floor for public comments.**

Ali Ali: As drivers read this draft by the consultant, we don't see it working at all. We see it that the money spent on the study was wasted. We feel that the consultant selected is unfair to drivers.

Seyoum Asrat: The drivers have been wanting a change the system for six years. The Consultant has done a good job of analyzing the issues. However, the consultant's recommendation is more Machiavellian-type of approach. We are left into the continued control of the companies.

Durani Iqbal: Drivers are here to say that the study was a waste. We hope to have a change of direction for the TAT in order to get some better consensus. 500 drivers in the City of San José need a way to support their families, and the recommended system won't work for them.

Pankaj Kumar: There is no consensus at all. A medallion system will allow us to work 8 hours a day, from 9-5, and allow us to relax on the weekend. Companies will still be allowed to lease cabs to individual drivers. Drivers pay more than a \$1M to the airport in fees; drivers expect that we receive something in return.

Guriqbal Singh: We've been fighting for a new system for 4-5 years. Driver's standard of living is below the poverty line. We're not sure how we might be able to survive under the system presented. Seattle has a medallion system – we should be able to adopt their system. Please think about our income. We think that the city has created a system of slavery under the current service model. Drivers need independency and need to increase their income.

Charles Hope: Most everyone is upset with the system, and we feel like we have wasted our time. We don't see anything in the system recommended that will allow us to increase our income. There are too many cabs for the available amount of business in San José. What we'd like to do is to have an 8-hour a day job that we work 5 days a week, rather than the long days that we currently have to work in order to make ends meet.

Ray Duque: Drivers want a medallion.

Kirpal Basati: I've worked as a cab driver for 19 years. I don't have medical insurance for my family. The new system will not help our incomes. I don't think the recommendations are any better than the system that we currently have. The TAT always goes with the needs of the taxicab company. We need more independence from the cab company – drivers are the ones that service the customers and are in the position to deal with them the best.

Councilmember Williams: This matter has been before us many times, and a medallion system has been before this many times. We need to understand why drivers want it and why we cannot provide it. We need to look at trying to give the drivers a living wage. We need to look at all of the other options presented.

Chair Cortese: If there is no progress by the March meeting – we need to know that so that staff may recommend a model that may be brought forward in April. Use the next 60 days to formulate your consensus. If the City Council is to move on this, they should move on it by April.

Vice Mayor Dando: Does the TAT Committee have a timeline for a more collaborative process?



Dan Fenton: We as the Taxicab Advisory Team are committed to working through this process. We are committed to work through the comments received. All parties should come together to work out a system that will benefit all.

**Upon a motion by Vice Mayor Dando and seconded by Councilmember Williams the Committee approved the report with direction to staff to continue to work diligently on a outcome that benefits and considers everyone, and to bring a status report to the March Committee and brief everyone how it is progressing, with final recommendations coming in April. The Committee members emphasized need for final resolution by April, 2004.**

Councilmember Chavez: Comment on the motion: Part of the reason that this has taken such a long time, is that we did invite that the Council take a more active role in the development of new regulations in a prior process. There are philosophical differences on the Council as to what should be forwarded as a recommendation. We learned through that process that the problems are more complicated than what we realized. Cindy urged that the drivers should work very hard to form a consensus with the other stakeholders. A good solution may make everyone a little unhappy. This is really the time for all stakeholders to act for the greater cause together... no one system is going to make everyone happy.

**c) Traffic Relief/Safe Streets**

1. No items

**d) Supporting Smart Growth**

1. No items

**e) Regional Relationships/Funding/Policy**

1. Update on the Santa Clara Valley Transportation Authority (VTA), Valley Transportation Plan (VTP) 2020

Item E1, VTP 2020, item is now referred to as VTP 2030. Jim Helmer introduced Hans Larsen, Deputy Director, Department of Transportation to give the Committee a brief update on the upcoming schedule as to how the VTA will prioritize the recommendations for high priority projects that each city in the County submitted to them in December. Over the next couple of months, City Staff will work with VTA staff in order to ensure that the priorities recognize the priorities set by the City Council.

Hans Larsen stated that the Council formally took action blessing the City's priorities for VTP 2030 on December 16, 2003. City staff had a meeting the next

day with VTA staff and made sure they understood the context of the projects that the City was forwarding. The VTA has a series of 4 board workshops dealing with VTP 2030, one last week on January 30, 2004, which they took the old VTP 2020 plan and the projects within that and some updates just on the local streets and county roads program and presented that as a starting place. The next workshop occurs on Feb 27, 2004. This workshop will assess the priorities of the projects submitted and include new information from the various cities in the County. It is anticipated that the VTA Board meeting to adopt the priorities will take place April 23, 2004. The key issues are getting the City's priorities incorporated, including the areas of concern for greater investment in street maintenance and bike/pedestrian facilities.

Councilmember Williams requested information on the Blossom Hill Bernal sound wall, and how it fared in the prioritization. Hans Larsen replied the 29 projects identified by the City in our 10-year priorities that includes 2 sound wall projects that were driven by SNI recommendations. That particular project was included in our overall set of projects that we want to have continued in the program but was not selected as a near-term priority. Our goal is to keep it in the VTP 2030 plan, but it is not in the top tier priorities.

In response to Vice Chair LeZotte's question about clarification on attachment A and B Hans stated that the Local Streets and County roads program is a new element of the VTP2030 plan. This is the first year that the VTA has looked at specific projects and the VTA has done a technical ranking of these projects, and Hans Larsen estimates that the City of San José has fared quite well. This list will go into the overall 30-year plan of local street improvements, but what we have advocated is that the four project selected within the City of San José were in the top 25. City staff prefers that our top four projects be readied by ensuring project readiness and matching City funding sources.

Vice Mayor Dando asked of the ranking of the Almaden pedestrian overcrossing – how does this get prioritized as we try to get light-rail, housing, and other items working together; this makes this project even more important. Accordingly, the Council had placed this project highest tier or priorities. Hans responded that in order to fund all of the 6 bike-pedestrian projects contemplated by the City, we'd have to increase the allocation of bike/pedestrian funding overall.

Councilmember Dando also asked about the ranking of the interchange of Almaden Expressway and CA-85 – this intersection should rise to a high priority due to the sites dual function of access to shopping and getting people to work.

Chair Cortese asked Hans to recap for Councilmember Chavez how our priorities are going to be monitored from City staff standpoint on the VTA side. His understanding was that VTA took the old VTP2020 list and meshed it with the local streets and roads component and didn't change anything yet. Hans answered that that was correct. We would look at the City Council's action from

December and see how that meshes with what the VTA staff recommendation is that comes out in February.

Chair Cortese suggested that 1:1 meetings take place between DOT reps, VTA Board Members and Councilmembers to ensure that San José's priorities are not forgotten in the VTP 2030 process and bring this agenda item back with an updated report to the March 1, 2004 Committee meeting.

Hans Larsen also mentioned that local projects that have secured local funding should have greater priority for regional funding. The City Council will have to prioritize those items that aren't funded regionally should we go forward with them.

**Upon a motion by Vice Mayor Dando and seconded by Vice Chair LeZotte the Committee approved the report with direction to staff to conduct regular 1:1 meetings between DOT staff, VTA Board members, and Councilmembers to keep them updated and to bring this item forward to the March 1, 2004 BBT Committee meeting with an update.**

Councilmember Chavez commented on the approval and suggested that we prepare ourselves better and be better advocates for the projects within San José. There are times that we should push the envelope better. Other jurisdictions are not meeting regional goals in terms of housing density, and are competing to secure funding for their transportation projects to non-Transit Oriented Design projects.

## 2. ABAG / MTC Merger

Chair Cortese stated that there is a self-explanatory report dated December 19, 2003 titled "ABAG-MTC Task Force Final Report" available to anyone from the public if needed. Chair Cortese reported that ABAG's work was to conclude in December. The outcome entitles a Task Force to develop a report how these two agencies can integrate planning functions – including housing, transportation, smart growth, etc. There is very little communication between the two staffs of ABAG and MTC or collaboration, despite that these two agencies are in the same building. In essence, a planning-commission type of joint policy board will integrate the two agencies.

**Upon a motion by Vice Chair LeZotte and seconded by Councilmember Chavez, the Committee approved the report.**

## 3. Update on State, Federal, and Local Legislative

Betsy Shotwell, Director, Intergovernmental Relations, reported that this memo was prepared prior to the Jan 23, 2004 signing of the Federal 2004 Omnibus appropriation bill. The State Legislator has not yet begun their committee meetings on the Governor's proposed FY 03-04 budget, including the transportation components of the budget, which is summarized in the memo.

**Upon a motion by Vice Chair LeZotte and seconded by Councilmember Chavez, the Committee approved the report.**

Recess, Committee moved to the Council Chambers for the last item B1 heard out of order, due to the number of general public attendees.

**f) Oral petitions**

**None**

**g) Adjournment**

**The Committee was adjourned at 4:00 pm**

Councilmember Dave Cortese, Chair,  
Building Better Transportation Committee